



CHARITY GLOBAL, INC. AND AFFILIATE

Consolidated Financial Statements

December 31, 2022

(With summarized comparative financial information
as of and for the year ended December 31, 2021)

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
Charity Global, Inc. and Affiliate:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Charity Global, Inc. and Affiliate (the Organization), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information in Schedule 1, Consolidated 100% Model, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Charity Global, Inc. and Affiliate's 2021 consolidated financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

KPMG LLP

New York, New York
May 10, 2023

CHARITY GLOBAL, INC. AND AFFILIATE
Consolidated Statement of Financial Position
December 31, 2022
(With summarized comparative financial information
as of and for the year ended December 31, 2021)

Assets	Without donor restrictions	With donor restrictions (note 2a)		2022 Totals	2021 Totals
	Operations	Operations	Water projects		
Cash and cash equivalents	\$ 9,084,612	—	34,816,536	43,901,148	63,511,392
Prepays and other current assets	681,802	—	792,415	1,474,217	650,283
Investments (note 3)	20,992,459	—	62,408,767	83,401,226	66,223,813
Contributions receivable, net (note 4)	284,874	36,963,207	9,797,642	47,045,723	42,468,997
Fixed assets, net (note 5)	22,588	—	—	22,588	99,193
Other assets	97,532	—	—	97,532	102,343
Total assets	<u>\$ 31,163,867</u>	<u>36,963,207</u>	<u>107,815,360</u>	<u>175,942,434</u>	<u>173,056,021</u>
Liabilities and Net Assets					
Liabilities:					
Committed to water projects and water project sustainability, net (note 6)	\$ —	—	88,542,152	88,542,152	77,485,909
Accounts payable and accrued expenses	1,663,169	—	218,019	1,881,188	1,354,891
Total liabilities	<u>1,663,169</u>	<u>—</u>	<u>88,760,171</u>	<u>90,423,340</u>	<u>78,840,800</u>
Net assets:					
Without donor restrictions	29,500,698	—	—	29,500,698	30,214,719
With donor restrictions (note 9)	—	36,963,207	19,055,189	56,018,396	64,000,502
Total net assets	<u>29,500,698</u>	<u>36,963,207</u>	<u>19,055,189</u>	<u>85,519,094</u>	<u>94,215,221</u>
Total liabilities and net assets	<u>\$ 31,163,867</u>	<u>36,963,207</u>	<u>107,815,360</u>	<u>175,942,434</u>	<u>173,056,021</u>

See accompanying notes to consolidated financial statements.

CHARITY GLOBAL, INC. AND AFFILIATE

Consolidated Statement of Activities

Year ended December 31, 2022

(With summarized comparative financial information
as of and for the year ended December 31, 2021)

	Without donor restrictions			With donor restrictions			2022 Totals	2021 Totals
	Operations	Water projects	Total	Operations	Water projects	Total		
Revenue and other support (note 7):								
Public support:								
Individuals	\$ 3,244,760	—	3,244,760	15,882,322	43,286,721	59,169,043	62,413,803	70,359,517
Corporations	523,161	—	523,161	7,732	9,311,103	9,318,835	9,841,996	11,252,034
Foundations and other organizations	2,211,636	—	2,211,636	493,634	17,818,447	18,312,081	20,523,717	14,877,452
Special event revenue:								
Contributions	500,000	—	500,000	—	3,521,790	3,521,790	4,021,790	4,017,576
Net investment loss	(393,411)	—	(393,411)	—	(4,372,014)	(4,372,014)	(4,765,425)	356,190
Other expense	(279,647)	—	(279,647)	(199,890)	(142,081)	(341,971)	(621,618)	(245,767)
Contributed goods and services (note 8)	882,110	—	882,110	—	—	—	882,110	503,188
Net assets released due to satisfaction of restrictions and reclassifications	15,652,062	77,937,808	93,589,870	(15,652,062)	(77,937,808)	(93,589,870)	—	—
Total revenue and other support	<u>22,340,671</u>	<u>77,937,808</u>	<u>100,278,479</u>	<u>531,736</u>	<u>(8,513,842)</u>	<u>(7,982,106)</u>	<u>92,296,373</u>	<u>101,120,190</u>
Expenses:								
Program services	3,336,624	77,937,808	81,274,432	—	—	—	81,274,432	81,698,564
Management and general	7,027,024	—	7,027,024	—	—	—	7,027,024	5,808,533
Development	12,691,044	—	12,691,044	—	—	—	12,691,044	10,239,098
Total expenses	<u>23,054,692</u>	<u>77,937,808</u>	<u>100,992,500</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>100,992,500</u>	<u>97,746,195</u>
Change in net assets	(714,021)	—	(714,021)	531,736	(8,513,842)	(7,982,106)	(8,696,127)	3,373,995
Net assets at beginning of year	<u>30,214,719</u>	<u>—</u>	<u>30,214,719</u>	<u>36,431,471</u>	<u>27,569,031</u>	<u>64,000,502</u>	<u>94,215,221</u>	<u>90,841,226</u>
Net assets at end of year	<u>\$ 29,500,698</u>	<u>—</u>	<u>29,500,698</u>	<u>36,963,207</u>	<u>19,055,189</u>	<u>56,018,396</u>	<u>85,519,094</u>	<u>94,215,221</u>

See accompanying notes to consolidated financial statements.

CHARITY GLOBAL, INC. AND AFFILIATE

Consolidated Statement of Functional Expenses

Year ended December 31, 2022

(With summarized comparative financial information
as of and for the year ended December 31, 2021)

	Program services	Supporting services		2022 Totals	2021 Totals
		Management and general	Development		
Water project funding	\$ 74,983,971	—	—	74,983,971	74,881,652
Water project sustainability funding	2,953,837	—	—	2,953,837	3,227,644
Emergency response funding	—	—	—	—	700,001
Salaries, employee benefits, and taxes	2,495,600	4,474,422	5,824,376	12,794,398	11,087,903
Professional fees	328,256	633,218	911,668	1,873,142	2,035,224
Travel, meals, and meetings	172,098	490,287	305,905	968,290	247,479
Rent, utilities, and cleaning	9,942	17,825	23,203	50,970	144,182
Event costs	—	—	746,776	746,776	203,778
Communication, printing, and postage	29,403	52,718	68,623	150,744	156,884
Bank charges, merchant and credit card fees	—	818,300	—	818,300	866,372
Branding, education, and promotion	—	—	4,107,242	4,107,242	2,919,078
Subscriptions, supplies, and other	286,383	513,464	668,378	1,468,225	1,197,459
Total expenses before the effect of other noncash items	81,259,490	7,000,234	12,656,171	100,915,895	97,667,656
Depreciation	14,942	26,790	34,873	76,605	78,539
Total expenses	\$ 81,274,432	7,027,024	12,691,044	100,992,500	97,746,195

See accompanying notes to consolidated financial statements.

CHARITY GLOBAL, INC. AND AFFILIATE

Consolidated Statement of Cash Flows

Year ended December 31, 2022
(With comparative financial information
as of and for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (8,696,127)	3,373,995
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	76,605	78,539
Net depreciation in fair value of investments	6,444,414	642,517
Contributed securities	(999,979)	—
Changes in assets and liabilities:		
Contributions receivable, net	(4,576,726)	(544,068)
Prepays and other current assets	(823,934)	206,949
Other assets	4,811	(14,546)
Committed to water projects and water project sustainability, net	11,056,243	32,833,913
Accounts payable and accrued expenses	526,297	(434,560)
Net cash provided by operating activities	<u>3,011,604</u>	<u>36,142,739</u>
Cash flows from investing activities:		
Purchase of investments	(86,482,622)	(66,978,398)
Proceeds from sale of investments	63,860,774	29,926,819
Net cash used in investing activities	<u>(22,621,848)</u>	<u>(37,051,579)</u>
Cash flows from financing activities:		
Settlement of from Payroll Protection Program loan payable	—	(16,487)
Net cash used in financing activities	<u>—</u>	<u>(16,487)</u>
Net decrease in cash and cash equivalents	(19,610,244)	(925,327)
Cash and cash equivalents at beginning of year	<u>63,511,392</u>	<u>64,436,719</u>
Cash and cash equivalents at end of year	\$ <u><u>43,901,148</u></u>	<u><u>63,511,392</u></u>
Supplemental disclosure of noncash activities		
Contributed securities	999,979	—

See accompanying notes to consolidated financial statements.

CHARITY GLOBAL, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022

(With summarized comparative financial information
as of and for the year ended December 31, 2021)

(1) Organization and Purpose

Charity Global, Inc. (hereinafter referred to as charity: water) is a nonprofit organization bringing clean and safe water to people around the world. Since 2006, charity: water has funded over 120,000 water projects in 29 countries through innovative programs and technologies that include drilled wells, hand-dug wells, rehabilitations, spring protections, rainwater catchments, and BioSand filters. When complete, these projects can serve more than 16.8 million people.

In 2016, charity: water established Charity Global (UK) Limited in the United Kingdom. Charity Global (UK) Limited is an affiliate organization governed by its own Board of Directors. Charity Global (UK) Limited received full charitable status from the UK Charities Commission in September 2016 and is intended to operate in furtherance of charity: water's mission. By virtue of the governing documents of Charity Global (UK) Limited, charity: water owns all the outstanding shares.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

Charity: water's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with US generally accepted accounting principles. Net assets and the changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions.

Management designates funding received for operations as without donor restrictions (excluding donor imposed time or purpose restricted balances). Operations is defined as all charity: water staff and operating expenses including national and international travel, banking and credit card fees, promotion, events, and headquarter costs.

With donor restrictions – Net assets subject to donor imposed restrictions that will be met either by actions of charity: water or the passage of time. The two categories of net assets with donor restrictions are as follows:

- Operations – Restricted due to time or purpose.
- Water projects – Restricted in full for water projects and water project sustainability costs in the field.

Contributions are reported as increases in net assets with donor restrictions, water projects, unless the donor explicitly states that the funds should be used for charity: water operations. Expenses are reported as decreases in net assets without donor restrictions. Expiration of donor-imposed restrictions on net assets are reported as net assets released from restriction in the accompanying consolidated statement of activities.

CHARITY GLOBAL, INC. AND AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2022
(With summarized comparative financial information
as of and for the year ended December 31, 2021)

(b) Accounting Estimates

The preparation of the consolidated financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the consolidated financial statements, and revenues and expenses recognized during the reporting period. Estimates made in the preparation of the consolidated financial statements include the net realizable value of contributions receivable and functional expense allocations. Actual results could differ from those estimates.

(c) Allocation of Functional Expenses

The cost of providing charity: water programs, management and general, and development services has been summarized on a functional basis in the accompanying consolidated statement of activities.

Directly identifiable expenses are charged to their applicable functional category. Expenses attributable to more than one program or supporting function are allocated based on estimates of time and effort, determined by management.

Expenses charged to programs, management and general, and development, other than those due to established partner organizations, exclude all funds raised publicly for water projects.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and all highly liquid investments with original maturities of three months or less when purchased, except for those amounts held by charity: water's investment managers as part of a long-term strategy.

(e) Investments

Investments consists of certificates of deposit, fixed income, equities, including those held in private companies, and digital assets. Interest, dividends, fees, and gains and losses on investments are reflected on the statement of activities as net investment return.

Investments in digital assets maintained by the charity: water are held at a leading reputable custodian. The value of the assets is based on the US dollar denominated market prices on December 31, 2022 as of 4pm Eastern Standard Time, as provided on the custodian's exchange.

(f) Contributions

Contributions are recorded as revenue upon receipt of cash or unconditional promise to give (pledge) in which there is no right of return of assets contributed and an indication of any donor-imposed barriers or performance obligations as a condition of the contribution based upon the donor agreement. Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

CHARITY GLOBAL, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022

(With summarized comparative financial information
as of and for the year ended December 31, 2021)

Unconditional promises to give (pledges), which are expected to be collected within one year, are recorded at their net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-adjusted interest rate applicable to the year in which the promise is made.

Management evaluates contributions receivable for the purpose of establishing an allowance for doubtful accounts. Management applies an estimate based on known economic conditions, historical trends, and knowledge of the specific donors promising to give. It is charity: water's policy to write off contributions receivable as soon as pledges are deemed to be uncollectible.

(g) Fixed Assets

Fixed assets consist of furniture, fixtures, software, equipment and leasehold improvements. Fixed assets, excluding leasehold improvements, are stated at cost less accumulated depreciation and are depreciated over their estimated useful lives ranging from 3 to 5 years using the straight-line method. Leasehold improvements are depreciated on the straight-line basis over the lesser of the terms of the related leases or estimated useful lives of the improvements.

(h) Water Project Funding

Charity: water invests 100% of publicly raised funds in water projects through established partner organizations experienced in providing various water solutions. All partner organizations are researched by management, and all funding is carefully considered and approved by the board of directors.

Expense is recognized when approved by the board of directors and communicated to the respective partner. Liabilities are reported at net realizable value at the time the promise is made. Most commitments are expected to be paid within 18 months.

It is the policy of management to assign all foreign currency exposure to partner organizations, as the US dollar is charity: water's functional currency for investments in water projects.

(i) Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted or published prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date;
- Level 2 inputs are inputs other than quoted or published prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

CHARITY GLOBAL, INC. AND AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2022
(With summarized comparative financial information
as of and for the year ended December 31, 2021)

(j) Donated Goods and Services

Donated services are recognized if the services create or enhance nonfinancial assets or require specialized skills, are performed by individuals who possess those skills, and would otherwise need to be purchased by the organization. The estimated fair value of contributed services are recorded as in-kind contributions and expenses amongst the functional expense categories benefitted in the period received (see note 8).

In 2022, charity: water adopted ASU 2020-07: *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets*, which enhances presentation and disclosure requirements for gifts-in-kind of nonfinancial assets. Charity: water's policy is to use contributed nonfinancial assets for programmatic or other purposes whenever possible unless the assets have no utility consistent with charity: water's mission. In those instances, the assets would be monetized.

Charity: water also receives donated services from unpaid volunteers who assist in various program and supporting services. No amounts have been recognized in the statement of activities for these services because the criteria for recognition under US generally accepted accounting principles have not been satisfied.

(k) Income Taxes

Charity: water recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to charity: water's exempt purpose is subject to tax under Internal Revenue Code (IRC) section 511. Charity: water did not recognize any unrelated business income tax liability for the years ended December 31, 2022 and 2021.

(l) Retirement Plan

Charity: water offers a defined contribution IRC section (401(k)) retirement plan. The plan is available to all personnel after six months of service to the organization. Up until April 30, 2020 and beginning again on July 1, 2021, charity: water has made contributions based on a prescribed matching schedule of employee contributions. Basic employee contributions up to 5% of compensation are eligible for a matching contribution by charity: water. Matching contributions are deposited in the plan each payroll period based on the following formula:

- 100% of the basic employee contribution up to the first 3% of compensation
- 50% of the basic employee contribution up to the next 2% of compensation

Retirement plan expense related to matching contributions for 2022 and 2021 was \$323,070 and \$137,295, respectively.

(m) Summarized Comparative Financial Information

The consolidated statements of financial position, activities, and functional expenses are presented with prior year financial information in total, which does not include net asset class detail. In addition, the consolidated statement of functional expenses is presented with prior year financial information in

CHARITY GLOBAL, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022

(With summarized comparative financial information
as of and for the year ended December 31, 2021)

total, which does not include functional expense detail. Such information does not include sufficient detail to constitute a presentation in conformity with US generally accepted accounting principles. Accordingly, such information should be read in conjunction with charity: water's 2021 consolidated financial statements, from which the summarized information was derived.

(3) Investments

The following table presents charity: water's fair value hierarchy for investments as of December 31, 2022:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 3,708,970	3,708,970	—	—
Fixed income:				
Corporate	19,863,828	—	19,863,828	—
Government securities	40,655,285	—	40,655,285	—
Mutual funds	7,654,586	—	7,654,586	—
Equities:				
Domestic	7,629,251	7,629,251	—	—
International	1,167,917	1,167,917	—	—
Private	999,979	—	—	999,979
Digital assets	1,721,410	1,721,410	—	—
Total	\$ <u>83,401,226</u>	<u>14,227,548</u>	<u>68,173,699</u>	<u>999,979</u>

The following table presents charity: water's fair value hierarchy for investments as of December 31, 2021:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of deposit	\$ 2,075,784	2,075,784	—	—
Fixed income:				
Corporate	28,128,482	—	28,128,482	—
Exchange traded funds	3,593,689	—	3,593,689	—
Government securities	15,595,551	—	15,595,551	—
Mutual funds	6,866,578	—	6,866,578	—
Equities:				
Domestic	4,819,169	4,819,169	—	—
International	495,326	495,326	—	—
Digital assets	4,649,234	4,649,234	—	—
Total	\$ <u>66,223,813</u>	<u>12,039,513</u>	<u>54,184,300</u>	<u>—</u>

CHARITY GLOBAL, INC. AND AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2022
(With summarized comparative financial information
as of and for the year ended December 31, 2021)

(4) Contributions Receivable

Contributions receivable at December 31 are expected to be received as follows:

	<u>2022</u>	<u>2021</u>
In less than one year	\$ 17,748,125	20,613,397
Beyond one year	<u>33,250,571</u>	<u>22,908,321</u>
	50,998,696	43,521,718
Less:		
Discount to net present value at rates ranging from 3.6%-4.4% and 0.7%-1.5% in 2022 and 2021, respectively	(3,433,823)	(576,000)
Allowance for uncollectible pledges	<u>(519,150)</u>	<u>(476,721)</u>
	<u>\$ 47,045,723</u>	<u>42,468,997</u>

Approximately \$37 million and \$36 million of net contributions receivable at December 31, 2022 and 2021, respectively, are unconditional promises to give operations support through a private membership program called The Well. The Well is generally a three-year commitment to fund charity: water's operating costs. Two of The Well pledges receivable constituted 40% and 35% of the outstanding balance at December 31, 2022 and 2021, respectively.

(5) Fixed Assets

At December 31, fixed assets consist of:

	<u>2022</u>	<u>2021</u>
Furniture, fixtures, software, and equipment	\$ 1,518,679	1,821,755
Leasehold improvements	—	5,942
Less accumulated depreciation	<u>(1,496,091)</u>	<u>(1,728,504)</u>
	<u>\$ 22,588</u>	<u>99,193</u>

CHARITY GLOBAL, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022

(With summarized comparative financial information
as of and for the year ended December 31, 2021)

(6) Committed to Water Projects and Water Project Sustainability

Funding authorized but unpaid at year-end is reported as a liability. At December 31, funding authorized but unpaid was as follows:

	<u>2022</u>	<u>2021</u>
In less than one year	\$ 66,536,369	59,250,558
Beyond one year	<u>22,005,783</u>	<u>18,235,351</u>
	<u>\$ 88,542,152</u>	<u>77,485,909</u>

(7) Contributions

Charity: water's operating costs are underwritten by private donors, companies, and foundations that support the organization through donations without donor restrictions and contributed goods and services.

(a) Water Projects

100% of the money raised through charity: water's public fundraising campaigns is restricted to directly fund water projects in developing countries. In 2022, charity: water invested \$77,937,808 (\$78,809,297 in 2021) in water projects and water project sustainability in 19 countries—Bangladesh, Burkina Faso, Cambodia, Central African Republic, Cote d'Ivoire, Ethiopia, India, Kenya, Madagascar, Malawi, Mali, Mozambique, Nepal, Niger, Pakistan, Sierra Leone, Tanzania, Uganda, and Zimbabwe. When completed, these projects can serve nearly 2 million people with clean, safe drinking water.

In 2022, charity: water hosted four intimate events for members of The Well raising \$4,021,790, where \$3,521,790 was invested in water projects and \$500,000 funded operations. In 2021, charity: water hosted a virtual event for members of The Well raising \$4,017,576, where \$3,617,576 was invested in water projects and \$400,000 funded operations.

(b) Donated Securities

Charity: water received \$5,028,613 and \$8,715,824 in donated securities in 2022 and 2021, respectively, as contributions and payments on prior pledges. Charity: water's policy is to sell donated public securities upon receipt; therefore, such donations are immediately converted to cash and recorded as public support in the accompanying consolidated financial statements. Of the donated securities received in 2022, \$999,979 are private shares that will be held until a liquidity event allows them to be sold.

(c) Donated Virtual Currency

Charity: water received \$486,503 and \$5,413,833 in donated virtual currency in 2022 and 2021, respectively, as contributions and payments on prior pledges. In 2021, charity: water launched the Bitcoin Water Trust with the intent to hold any Bitcoin donated directly to the fund until at least January 1, 2025. For all donations not specified for the Bitcoin Water Trust, charity: water's policy is to sell virtual currency upon receipt. Of the virtual currency donated in 2022, \$55,335 (\$4,674,282 in

CHARITY GLOBAL, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022

(With summarized comparative financial information
as of and for the year ended December 31, 2021)

2021) was restricted to the Bitcoin Water Trust and is recorded at fair value in the consolidated statement of financial position in investments. The remaining virtual currency donations of \$431,168 (\$739,551 in 2021) were immediately converted to cash. All virtual currency donations were recorded as public support in the accompanying consolidated financial statements.

(8) Contributed Goods and Services

These contributed goods and services are recorded as contributions and expenses at fair value at the date of the donation. The fair value of contributed goods is assigned based on prices confirmed in a third-party marketplace. The fair value of contributed services is assigned based on invoices and estimates provided by the donor.

<u>Description</u>	<u>2022</u>	<u>2021</u>	<u>Utilization</u>	<u>Donor restrictions</u>
Branding, education, and promotion	\$ 367,784	165,103	Development	None; used in operations
Subscriptions, supplies, and other	303,629	136,463	Program services, management and general, and development	None; used in operations
Professional fees	127,111	201,622	Program services, management and general, and development	None; used in operations
Event cost	83,586	—	Development	None; used in operations
	<u>\$ 882,110</u>	<u>503,188</u>		

CHARITY GLOBAL, INC. AND AFFILIATE
Notes to Consolidated Financial Statements
December 31, 2022
(With summarized comparative financial information
as of and for the year ended December 31, 2021)

(9) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Water projects:		
General	\$ 16,293,056	21,328,131
Bitcoin Water Trust	1,721,410	4,649,233
India	—	15,000
Kenya	—	30,000
Nepal	3,520	—
Water project sustainability	1,037,203	1,546,667
Total water projects	19,055,189	27,569,031
Operations	36,963,207	36,431,471
	<u>\$ 56,018,396</u>	<u>64,000,502</u>

(10) Cash and Other Financial Assets and Liquidity

Charity: water regularly monitors liquidity required to meet its operating needs and other contractual commitments.

Cash and other financial assets available within one year at December 31, 2022:

	<u>Operations</u>	<u>Water projects</u>	<u>Total</u>
At December 31, financial assets consist of:			
Cash and cash equivalents	\$ 9,084,612	34,816,536	43,901,148
Investments	19,992,480	62,408,767	82,401,247
Contributions receivable, net	37,248,081	9,797,642	47,045,723
Total	66,325,173	107,022,945	173,348,118
Less commitments beyond one year:			
Contributions receivables, net	(23,813,405)	(5,484,193)	(29,297,598)
Total available within one year	<u>\$ 42,511,768</u>	<u>101,538,752</u>	<u>144,050,520</u>

CHARITY GLOBAL, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

December 31, 2022

(With summarized comparative financial information
as of and for the year ended December 31, 2021)

(11) Subsequent Events

Charity: water evaluated subsequent events from December 31, 2022 through May 10, 2023, the date on which the consolidated financial statements were available to be issued.

CHARITY GLOBAL, INC. AND AFFILIATE

Consolidated 100% Model

Year ended December 31, 2022

(With summarized comparative financial information
as of and for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
Beginning net assets reserved for water projects	\$ 27,569,031	29,397,409
Public donations to water projects	73,938,061	76,701,740
Net investment loss and other (expense)/income	(4,514,095)	279,179
Investments in water projects, water project sustainability, and emergency response funding	<u>(77,937,808)</u>	<u>(78,809,297)</u>
Decrease in net assets reserved for water projects	<u>(8,513,842)</u>	<u>(1,828,378)</u>
Ending net assets reserved for water projects (note 9)	<u>\$ 19,055,189</u>	<u>27,569,031</u>
Beginning net assets reserved for operations	\$ 66,646,190	61,443,817
Private donations to operations ¹	22,863,245	23,804,839
Net investment return and other income	(872,948)	(168,756)
Operating expenses ¹	(22,095,977)	(18,355,171)
Depreciation	<u>(76,605)</u>	<u>(78,539)</u>
(Decrease) Increase in net assets reserved for operations	<u>(182,285)</u>	<u>5,202,373</u>
Ending net assets reserved for operations	<u>\$ 66,463,905</u>	<u>66,646,190</u>

Notes:

- Both "private donations to operations" and "operating expenses" exclude contributed goods and services of \$882,110 and \$503,188 in 2022 and 2021, respectively.

See accompanying independent auditors' report.